

## International trends for the electronic exchange of business documents



Bruno Koch

### Traditional Documents



- Disadvantages
  - High paper volume
  - Long transport times
  - Long processing time
  - High processing costs
  - Problems with data quality
  - Archiving, costs, find them
- End-to-End full costs
  - Business document = EUR 1-50
  - Invoice = EUR 30(Source: EACT, European Treasurer Association)

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# Market structure and volume

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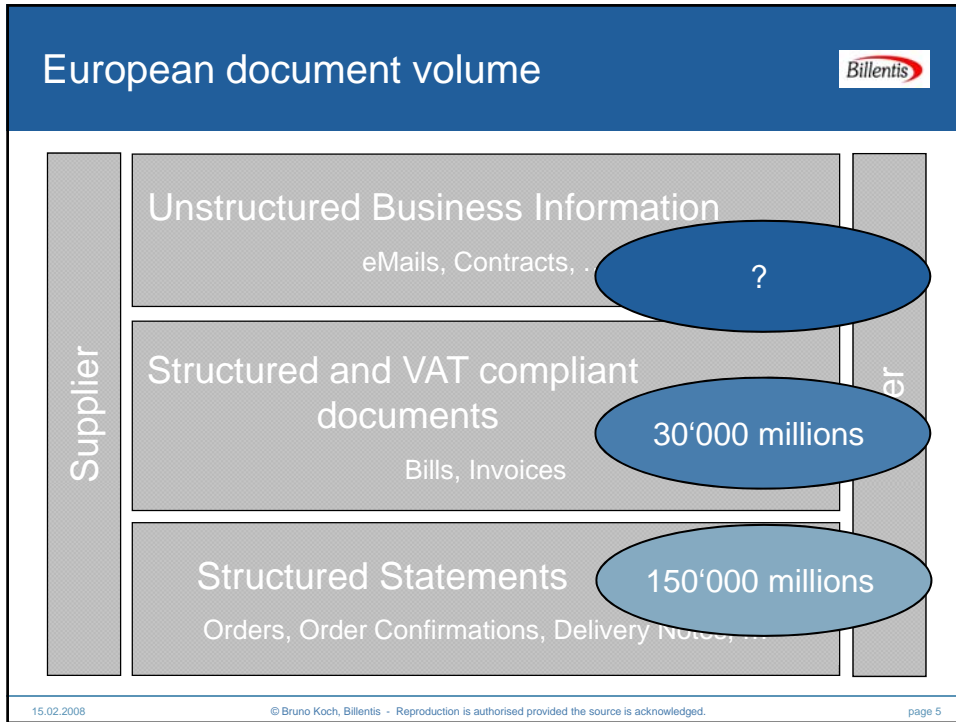
Document Landscape  
European View

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The diagram illustrates the 'Document Landscape' from a European perspective, showing the flow of documents between a **Supplier** and a **Buyer**. It is structured into three horizontal layers:

- Unstructured Business Information**: Includes eMails, Contracts, ...
- Structured VAT compliant documents**: Includes Bills, Invoices
- Structured Statements**: Includes Orders, Order Confirmations, Delivery Notes, ...


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## Market status and development

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## E-Invoice – just a common message?



**STREAM A**  
Led by André G. Kaschmitt, CONCENTRA

**11:30 INVOICE - THE QUEEN OF MESSAGES**

- Demanding a common standard for a multinational group
- Only focus on the electronic invoice or a big bang with closed electronic loop for all relevant messages?
- Make or Buy
- Challenges in the implementation and how to solve them - first experience

Ralf Kahre, Senior Manager e-solutions, BASF AG, Germany

**12:00 E-INVOICING - THE FUTURE**

- Evolution from E-Statement Presentation to E-Invoicing
- How to persuade customers
- E-Invoicing for cost reductions on issuer and recipient side
- E-Invoicing as a marketing instrument

David Byrne, Sales Support and Marketing, Stena Line Freight, Republic of Ireland

**STREAM B**  
Led by Bruno Koch, Billentis

**11:30 E-INVOICING OPERATORS' FORUM (PART 1)**  
(access restricted to E-Invoicing operators)


- Experience and perspective with international interconnection of networks
- Hear and discuss the stories and visions of - B2BE - TietoEnator

**12:00 E-INVOICING OPERATORS' FORUM (PART 2)**

- Meeting point: Search and find your future roaming partner

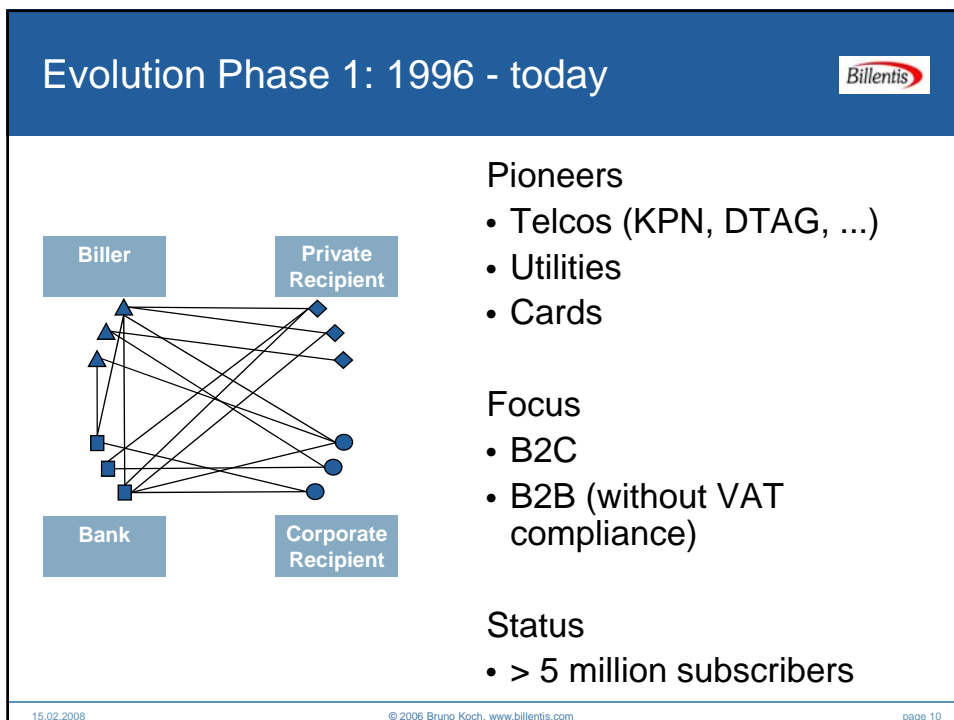
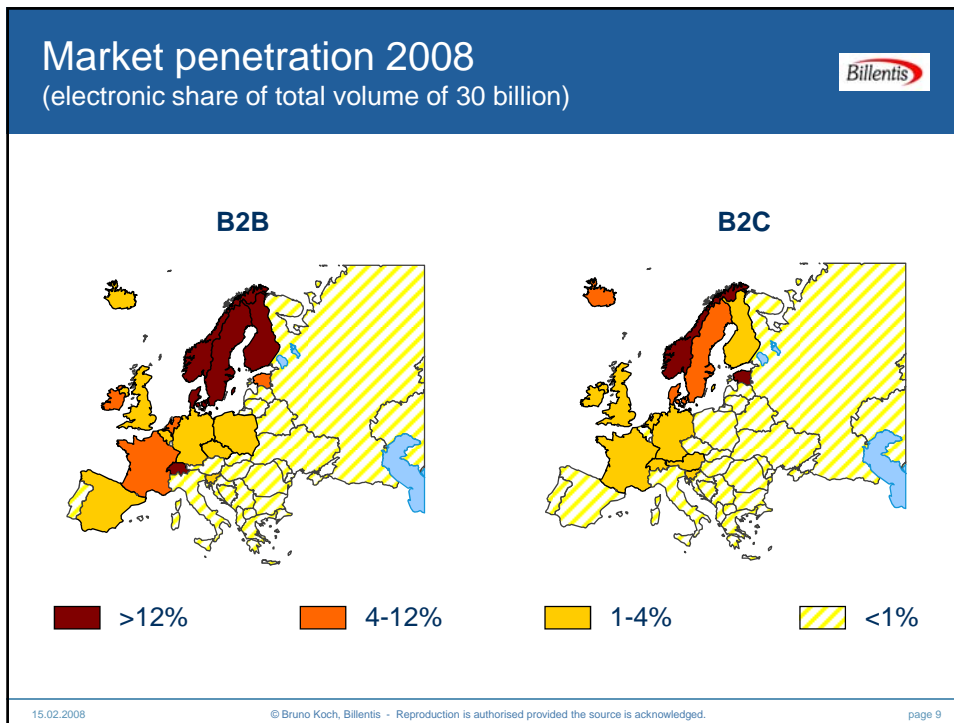
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## E-Invoicing/E-Billing market figures

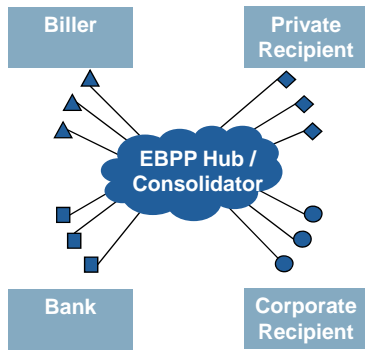


Europe	2007	2008 (E)
Participants	630,000 corporates 18.6 million consumers	930,000 (+50% ) 21.6 (+16%)
Electronic vol. only	700 million	960 million
- B2C	- 290	- 350 (+20%)
- B2B	- 410	- 610 (+50%)
Electr. with paper summary invoice	400 million	350 million (part. replaced by digitally signed invoices)
# Service providers	260	340 (+30%)

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## Evolution Phase 2: 1999 - today



### Pioneers

- FSI (PayNet, Isabel, ...)
- IT companies (CheckFree, TietoEnator, ...)

### Focus

- Domestic markets
- B2C
- B2B (VAT compliance)

### Status

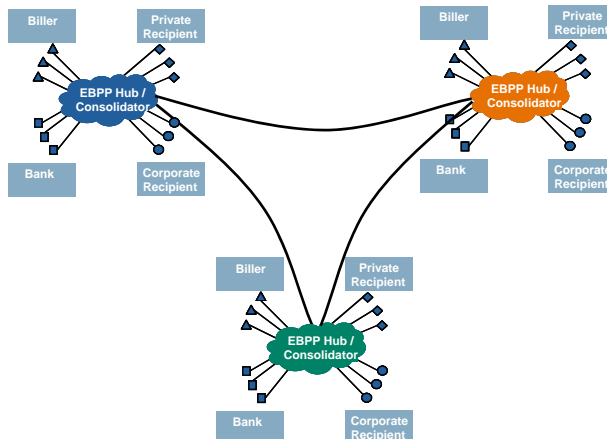
- At least 260 consolidators
- Some with several thousands of participants
- About 40 with > 1 million annually processed E-Invoices

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## Evolution Phase 3: now



### Pioneers

- Belgium
- Scandinavia
- Switzerland

### Focus

- Domestic & international networks


### Status

- At least 25 consolidators with one or more inter-connections

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# Possible results for an organisation

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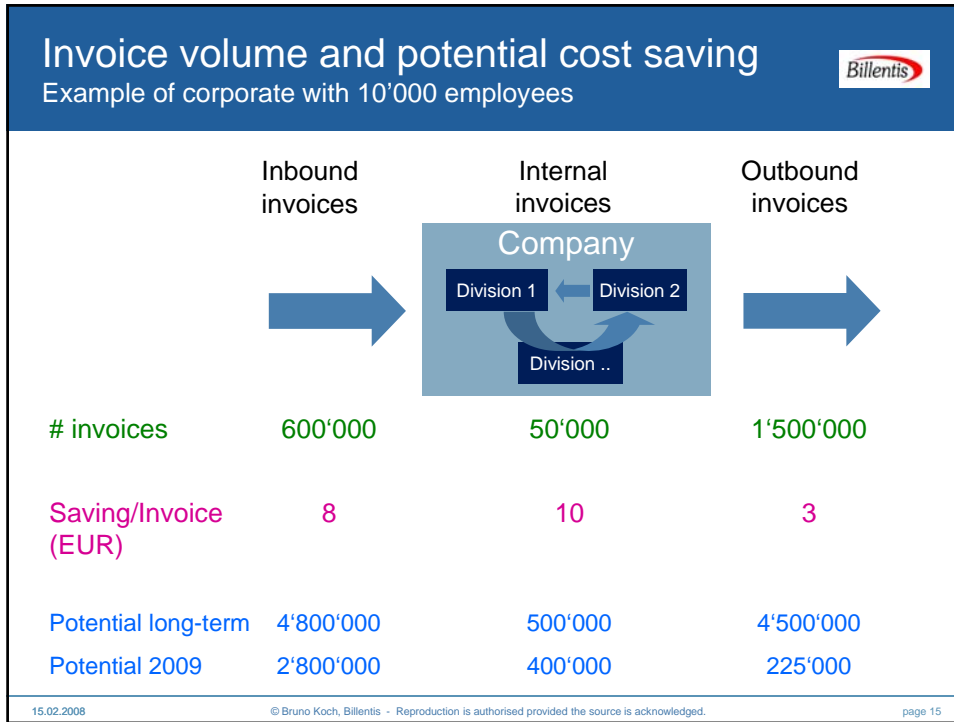


## Roll-out models and success rate by using service providers

- **Sender driven „Opt-Out“**
  - Isabel (BE) 90%
  - Leasing company (NL) 85%
- **Sender driven „Opt-In“**
  - In existing supplier-buyer networks: 5-50%
  - Free offering to all in the market: 1-5%
- **Recipient driven „Opt-Out“**
  - Danish government: 70% of all invoices after 1 year electronic
  - 100% digitalised with full services (electronic & scanning)
- **Recipient driven „Opt-In“**
  - Large buyers: 50-70% of all invoices after 1 year electronically (e.g. Hewlett-Packard, LogicaCMG, UBS)
  - 100% digitalised with full services (electronic & scanning)

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## Obstacles and how to overcome them

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## Challenges for the E-Invoicing market



- Dozens of countries, languages and regulations
- Relatively fragmented landscape with 23 million small and medium size enterprises (SMEs) and thousands of different ERP systems
- Standards as enabler
  - 35-38% of today's volume is based on standards
  - Some E-Invoicing country standards: Austria, Belgium, Denmark, Finland, Italy, Spain, Sweden, Switzerland
  - International standards or subsets
- International end-to-end service offering with a single point-of-contact for invoice issuers and recipients

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## Challenges for the E-Invoicing market



- Laws & regulations: The EU directive is adapted to local laws in 27 different ways.
- Any-to-any data formatting, archiving services as well as an economical and easy access for SMEs.
- Interoperability among service providers (e-invoice roaming), offering participants an end-to-end service with a single point of contact.

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## Challenges for a company using direct models



- Involve lawyers for clarifying the rules and legislation in all the countries where counter parties are located.
- Convince counter parties
  - Send/receive electronic invoices in your proprietary way
  - Send/receive the desired format (conversion services)
- Generate a VAT compliant invoice respectively verify validity of signature and generate log-file.
- Build own archive and answer questions regarding archiving of invoices for your counter parties

→ A vast majority of organisations use external services

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## How to address all sizes of companies

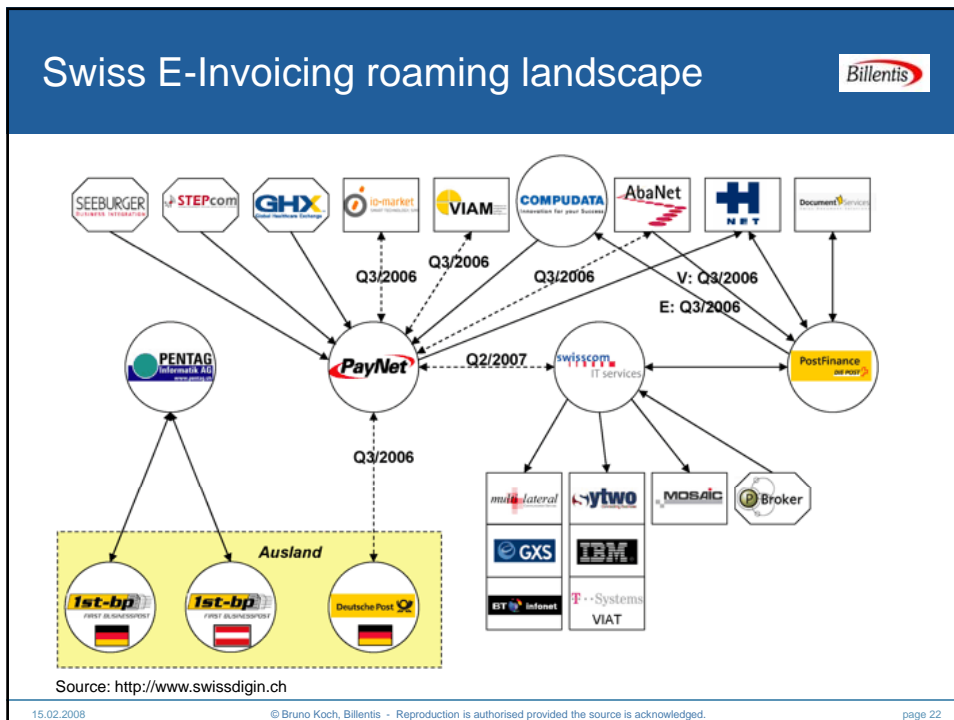
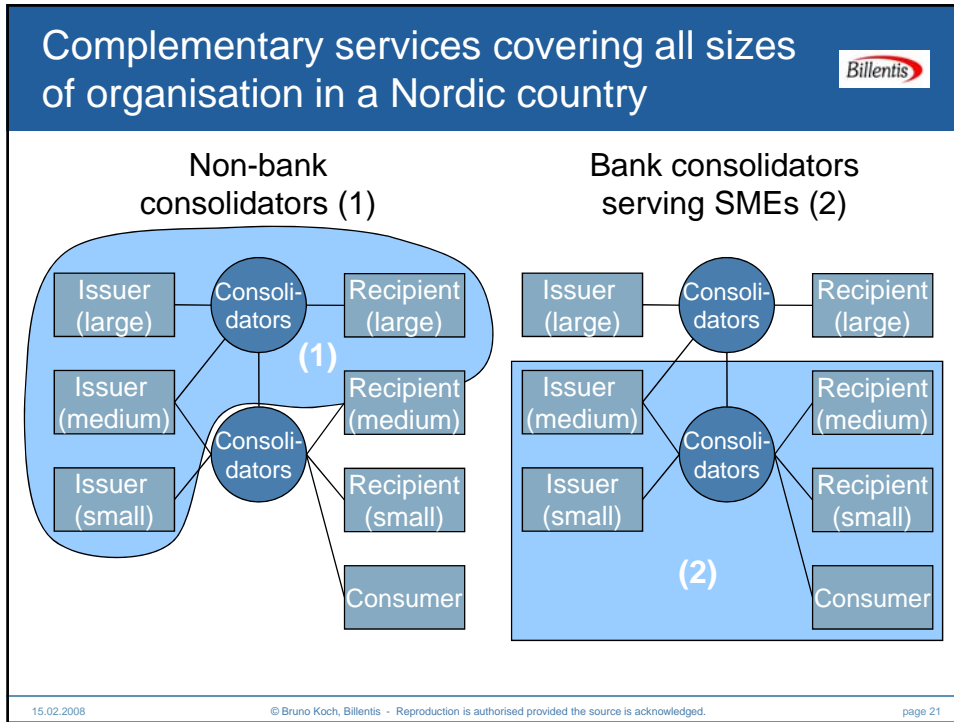


	Issuer	Recipient
Large	<ul style="list-style-type: none"> <li>• Full ERP integration</li> <li>• Two-way communication</li> <li>• External archive (later optional in house)</li> </ul>	<ul style="list-style-type: none"> <li>• Full ERP integration</li> <li>• Two-way communication</li> <li>• External archive (later optional in house)</li> </ul>
Medium	<ul style="list-style-type: none"> <li>• Full ERP integration</li> <li>• DMO Systems</li> <li>• Export Tools (CSV, ...)</li> <li>• External archive</li> </ul>	<ul style="list-style-type: none"> <li>• Full ERP integration</li> <li>• Import Tools (CSV, ...)</li> <li>• External archive</li> </ul>
Small	<ul style="list-style-type: none"> <li>• Printer Driver</li> <li>• WebEDI (type in invoice)</li> <li>• Forms, e.g. FastPath</li> <li>• External or CD archive</li> </ul>	<ul style="list-style-type: none"> <li>• Browser presentment &amp; download, e.g. via homebanking</li> <li>• External or CD archive</li> </ul>

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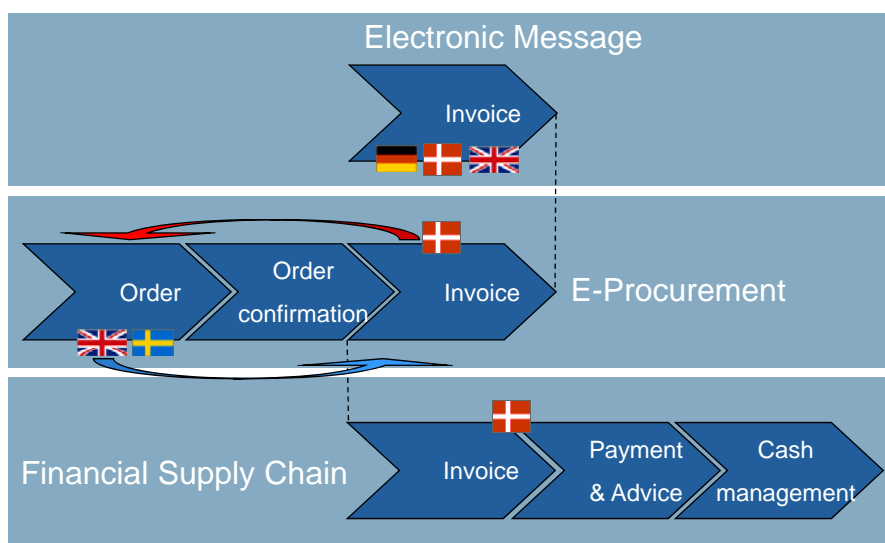


# Government as enabler

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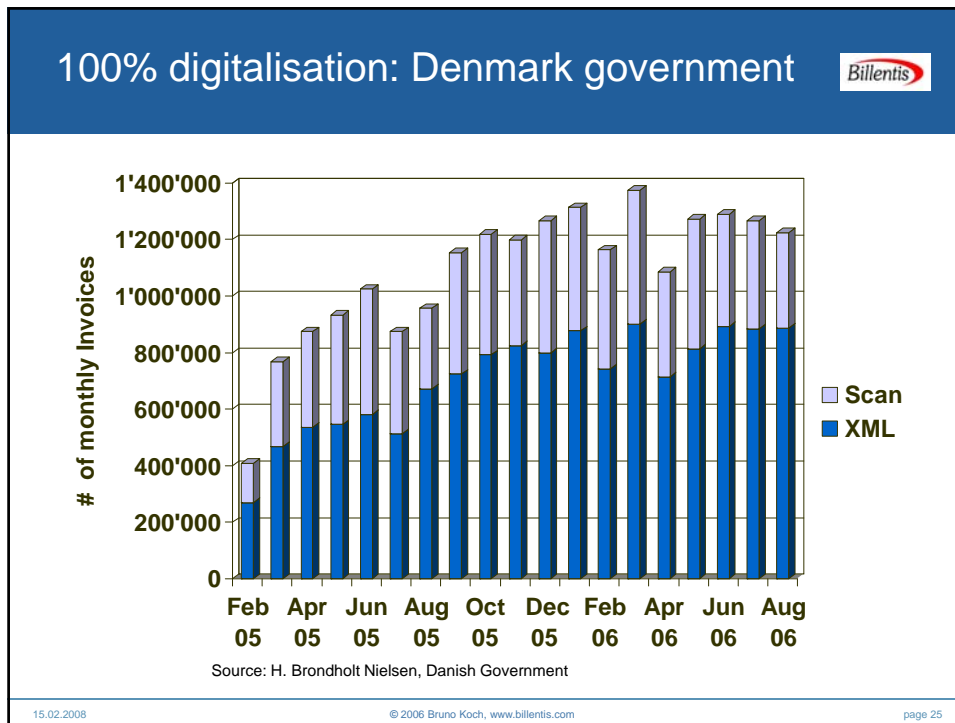
## European governments – evolution steps



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## Support through government initiatives

- 15 European countries actively pushing E-Invoicing

**Table 6.1: Existence of an official government strategy (in writing) for introduction of electronic invoices?**

Yes	No	No individual strategy but part of national e-government strategy
Finland	Estonia	Austria Portugal
Slovak Republic	Hungary	Czech Republic
	Malta	Cyprus
	Poland	Denmark
		France
		Ireland
		Lithuania
		Luxembourg
		Netherland
		Slovenia
		Spain
		Sweden

Source: Member State survey, 18 Member States participating

The table above demonstrates that most of the Member States have either included the use of electronic invoices as an objective in a national government strategy, but only two Member States have concluded a strategy specifically aiming at electronic invoices.

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## Helsinki Manifesto (Nov 2006)

Initiatives to flatten the (European) world



### The 12 most supported measures

1. Implementation of a European Network of Living Labs, a user-centric platform for products and services in co-creation processes
2. Reap the benefits of re-using bank infrastructure: realize e-invoicing with interoperable standards
3. Break down internal borders for ICT services (keywords: roaming, ICT-interoperability, eID, secure pan-European e-services)
4. Renewing of the European innovation system
5. Creation of a market for innovative products and services supported by sufficient resources for R&D and innovation
6. Focus on services innovation, and establish services science, management and engineering as an academic discipline for driving innovation in services throughout Europe
7. Concrete funding and support for technology start-ups; an enabling entrepreneurial environment with both government and private sector funding available, commitment of early buyers beyond the project scope
8. Ensure data integration between IT-solutions to enable productivity in service provision
9. Intensify integration of retail banking market with full and prompt implementation of the Payments Services Directive (realise a single market in payments) and integration of key financial market infrastructure (Target2-Securities)
10. Implementation of European wide compatible e-invoicing system – common standards and definitions
11. Move from an organization-centered system to a citizen-centered system
12. Bring people actively to the information society (good basis for great PPP initiative – for example to give ICT skills to 10 million adult people in Europe over a 3-year period)

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## EC Activities




E-invoicing	<p>Expert Group on E-invoicing [2008 – 2009] (DG Enterprise and Industry, DG Internal Market)</p> <p>FISCALIS initiative on e-audit, including auditing of e-invoices [ongoing] Study in preparation of the review of the VAT Directive 2001/115/EC [1-2Q08] (DG Taxation and Customs Union)</p> <p>Study on e-invoicing business requirements in the public sector, and pilot implementation [4Q07 – 4Q09] (DG Informatics, DG Internal Market)</p>
E-signatures	<p>Interservice Group for the harmonisation of e-signatures [ongoing] (DG Information Society, DG Internal Market, DG Informatics)</p>
E-commerce	<p>Expert Group on the review of the E-commerce Directive [ongoing] (DG Internal Market)</p>
E-procurement	<p>CIP ICT-PSP pilot action on e-procurement, including e-invoicing [1st CfP closed on 23/10/2007] (DG Information Society)</p> <p>Electronic Public Procurement progress review [ongoing] (DG Internal Market)</p> <p>Group developing self-regulatory measures to increase the B2B use by SMEs [ongoing] (DG Enterprise and Industry)</p>

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# Outlook

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## European Outlook

- Private industry
  - Until 2010 likely all corporates with 5000+ employees practice E-Invoicing and 25% of all SMEs (Small and Medium-sized Enterprises)
  - Enhancements along the Supply Chain and closed electronic loop from the order via invoice up to the payment
- i2010 agenda of the European Community
  - Obligation in most European countries for sending/receiving invoices with government paperfree
  - Framework for international E-Business

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## Turkey



- Multinationals will be invited or forced to exchange electronically in 2008
- Large organisations recognize the big saving potential and launch projects by themselves in 2008/2009
- SMEs will be affected by the demand of their large customers after 2009
- Government ?

## Questions?

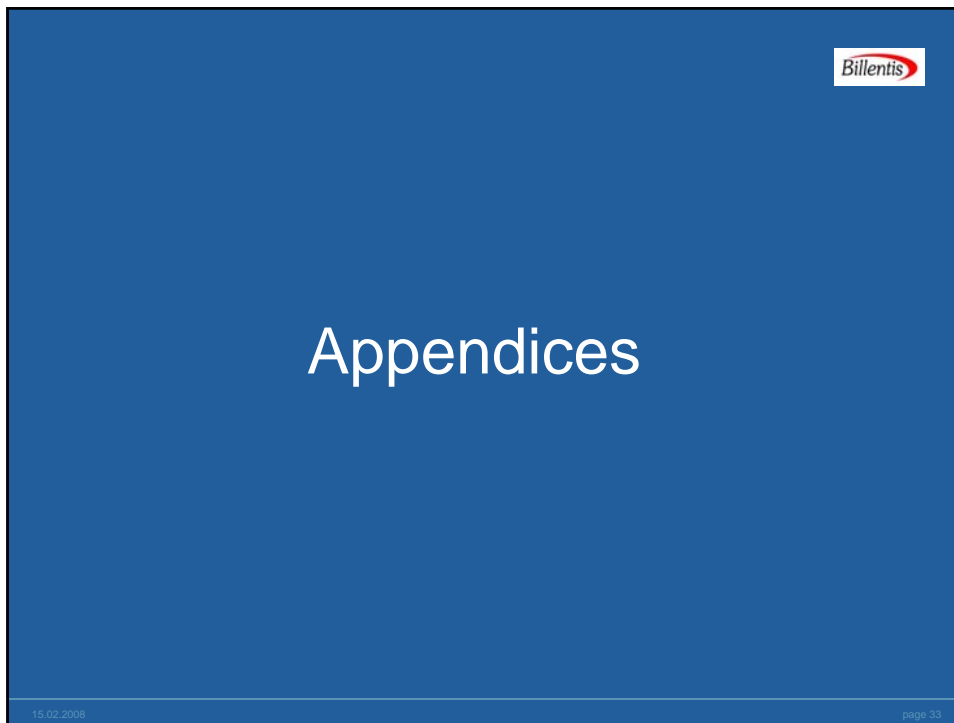


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A blue slide with the Billentis logo in the top right corner. The title "About Billentis" is in white. Below the title is a list of bullet points. At the bottom left, it says "15.02.2008", in the center "© Bruno Koch, Billentis - Reproduction is authorised provided the source is acknowledged.", and at the bottom right "page 34".

## About Billentis

- Highly specialized consulting company (E-Invoicing, optimisation of Procure-to-Pay and Financial Supply Chain)
- Founded in June 1999
- Owner: B. Koch (8 years PwC, 4 years Credit Suisse, 2 years Telekurs PayNet)
- More than 120 customers in 25 countries
- Issuer of a European market report
- Issuer of a quarterly newsletter (40+ countries)
- Founder of the European EXPP Summit, [www.expp-summit.com](http://www.expp-summit.com)

## Services: consulting & project management



- Awareness, strategy and know-how workshops
- Feasibility studies; location of potential and involved business fields
- Identification of business opportunities
- Development of strategy and business plans
- Definition of RFPs, incl. country characteristics and the most suitable billing model
- Network and build strategic alliances
- Formulation of marketing and distribution strategies
- Project management/support as far as up-and-running service
- Procedure documentation (legal requirement)